

# GMAP Fiscal Report

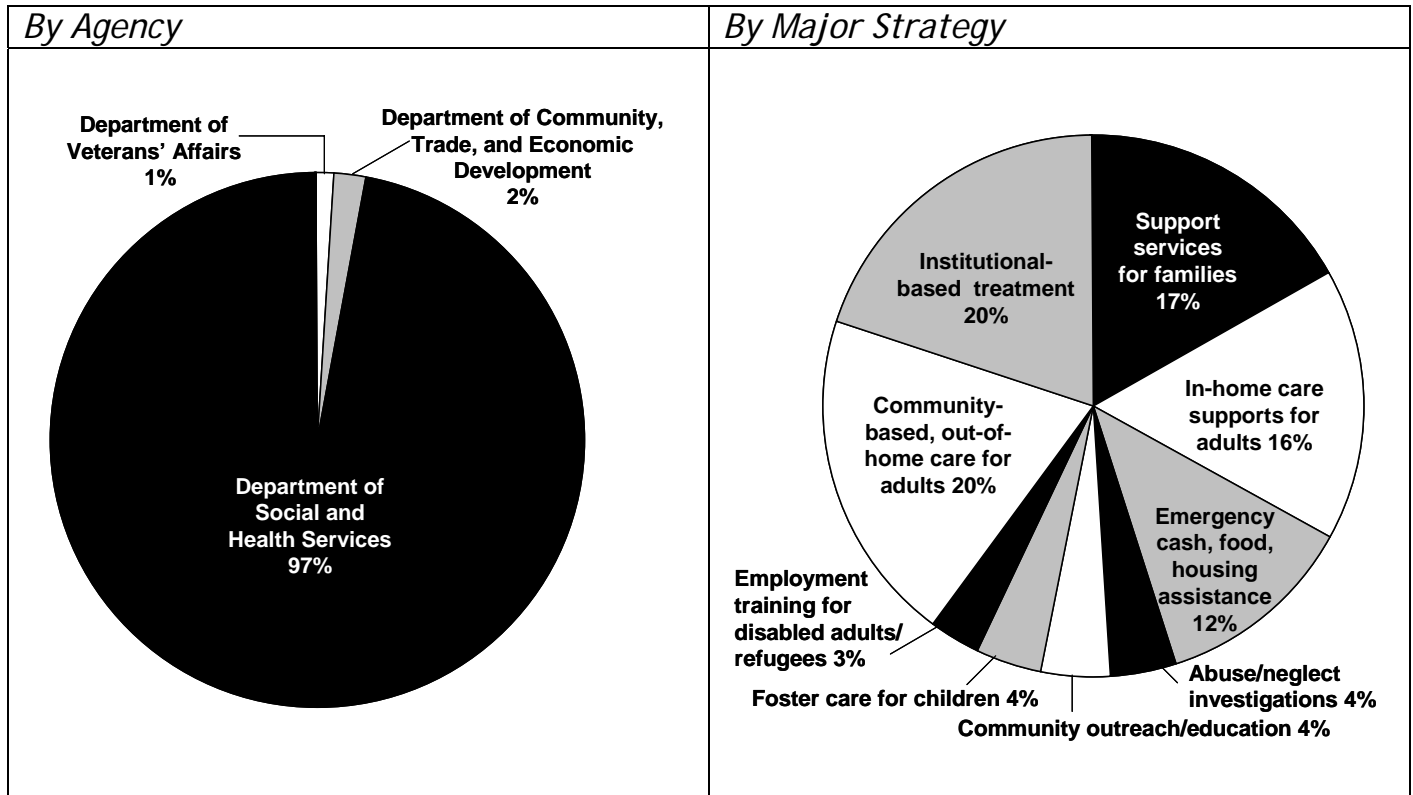
## WorkFirst

*Vulnerable Children and Adults Result Area:*

**Biennial Operating Budget = \$9.0 billion All Funds**

**\$4.4 billion GFS**

(Fund Sources: federal, dedicated funds, 49% GFS)



### Current Fiscal Status (Major Agencies)

July 2005 - September 2006 Expenditures

Dollars in Thousands

	Estimates-to-date	Actuals-to-date	Current Variance under/(over)	Prior Report
Department of Social and Health Services	10,762,925	10,365,693	3.7%	NA
Employment Security Department	358,379	286,752	→20.0%	→10.1%
Community, Trade, and Economic Development	317,973	280,547	→11.8%	→14.0%
State Board for Community and Technical Colleges	698,046	701,775	(.5)%	NA

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Dollars in Thousands

	Estimates-to-date	Actuals-to-date	% Variance under/(over)	Prior Report
<b>Department of Social and Health Services</b>				
FTE Staff	4,340.2	4,306.0	.8%	NA
Economic Services	\$1,453,868	\$1,376,821	5.3%	NA
<b>Employment Security Department</b>				
FTE Staff	2,200.3	1,897.6	13.8%	13.1%
Clearing (federal funds)	0	\$135	NA	NA
Employment Services	\$72,873	\$51,248	→29.7%	→13.9%
Unemployment Insurance	114,939	103,150	10.3%	1.3%
State Programs	7,517	8,046	(7.0)%	1.8%
Workforce Investment Act	163,050	124,173	→23.8%	→14.9%
<b>Agency Total</b>	<b>\$358,379</b>	<b>\$286,752</b>	<b>20.0%</b>	<b>10.1%</b>
<b>Community, Trade, and Economic Development</b>				
FTE Staff	352.9	331.3	6.1%	7.8%
Administrative Services	\$9,076	\$8,558	5.7%	7.0%
WorkFirst	0	706	NA	NA
International Trade	3,340	3,317	.2%	4.3%
Community Services	115,683	102,996	→11.0%	→13.8%
Housing Services	66,535	51,070	→23.2%	→26.3%
State Building Code Council	633	433	→31.6%	→30.8%
Energy Policy	3,644	1,978	→45.7%	→43.8%
Energy Facilities Site Evaluation Council	5,265	4,179	→20.6%	→10.5%
Local Government Assistance	90,234	87,404	3.1%	6.7%
Economic Development	23,564	19,907	→15.5%	5.7%
<b>Agency Total</b>	<b>\$317,973</b>	<b>\$280,547</b>	<b>→11.8%</b>	<b>14.0%</b>
<b>Community/Technical Colleges</b>				
FTE Staff	7,717.4	8,021.9	(3.9)%	NA
Instruction	\$354,493	\$358,762	(1.2)%	NA
Primary Support	22,053	29,871	→(35.5)%	NA
Library	20,348	20,521	.9%	NA
Student Services	89,358	87,212	2.4%	NA
Institutional Support	120,832	130,638	(8.1)%	NA
Plant Operations and Maintenance	73,587	61,596	→16.3%	NA
State Board Office	17,374	7,943	→54.3%	NA
Special Projects	0	5,233	NA	NA
<b>Agency Total</b>	<b>\$698,046</b>	<b>\$701,775</b>	<b>(.5)%</b>	<b>NA</b>

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## **WorkFirst**

### **Key Fiscal Issues**

#### **Department of Social and Health Services—Economic Services Administration**

##### **Agency Request 2007 Supplemental Budget**

- The program has requested \$2.5 million in General Fund-State, and a decrease of \$18.4 million in Other Funds in its 2007 Supplemental Budget request for caseload/workload adjustments, a maintenance of effort correction, a federal funding reduction, and various other small adjustments.

##### **Expenditure Trends**

The Economic Services Program is under-spent by 5.3 percent, so no explanation is required.

##### **Agency Action Plan**

No action is currently needed.

#### **Employment Security Department**

##### **Agency Request 2007 Supplemental Budget**

The agency has not requested a supplemental budget.

##### **Expenditure Trends**

Agency-wide actuals-to-date are lower than expected primarily because of Employment Services and Workforce Investment Act under-expenditures.

##### **Employment Services Program under-expenditure of 29.7 percent:**

The under-expenditures are associated with the Trade Act (TAA) program. The TAA funds can be expended only on workers who have been certified as trade-affected by the U.S. Department of Labor. The factors used by the Department of Labor in determining TAA allocations include previous year allocations, accrued expenditures, and participant levels. Participant levels are dependent on the number of workers certified under the program. This year's level of participation will range from 800 to 1,000 participants. Currently we are under-spending TAA funds because this number of participants is significantly lower than that in prior years. Unspent TAA funds are carried forward and can be spent up to three years from the time the allocation was awarded.

##### **Workforce Investment Act Program under-expenditure of 23.8 percent:**

As in previous quarters, part of the under expenditure is associated with Dislocated Worker funds set aside at the state level for help with local layoff or closure events. The state has begun releasing a portion of these funds to mitigate reduction in local allocations to dislocated workers. As the economy recovers, layoffs have diminished, but continue to exceed local fund availability. As new layoffs are announced, local communities determine what funds will be needed and look for resources to provide these laid-off workers assistance to return to work.

Due to the general economic recovery, a few Workforce Development Areas have transferred Dislocated Worker funding to the Adult Program to assist more low-income and underemployed workers. This shift will likely continue, resulting in an increased program expenditures.

Department of Labor expenditure requirements (70 percent of available funds) are being met. Any unspent funds can be spent in future program years, up to three years from the funding award.

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### **Agency Action Plan**

The agency continues to actively develop cost reduction and cost avoidance strategies to reduce and control agency expenses in the areas of facilities, equipment, and supplies.

### **Department of Community, Trade, and Economic Development**

#### **Agency Request 2007 Supplemental Budget**

- The agency has requested \$190,000 in General Fund-State, and a decrease of \$197,000 in Other Funds in its 2007 Supplemental Budget request for small budgetary adjustments.

#### **Expenditure Trends**

CTED's operating budget is primarily implemented through contracts with service providers or grants to local entities. For the first fiscal year, contracts and grants comprised 89 percent of the operating budget. The remaining 11 represents staff-related costs. The timing of contractor billings and pass-through disbursements can be difficult to predict. The majority of CTED's under-expenditures occur when funds are committed through contracts but the actual disbursement of funds takes place in a different month or quarter than originally estimated. The operating budget variance has decreased from 16.4 percent through March to 14 percent through June to 11.8 percent through September. We expect this downward trend to continue in coming quarters.

**Community Services has an under-expenditure of 11 percent:** Federal money associated with the Low Income Home Energy Assistance grant program is under-spent by approximately \$8 million through September 2006, however it is anticipated that nearly all the available federal dollars will be expended in the October through December quarter. Federally-supported grants to 31 community action agencies for low-income, anti-poverty services are also being spent at a slower rate.

**Housing Services has an under-expenditure of more than 23 percent:** Grant disbursements to local communities for housing programs are moving more slowly than originally planned. Of the \$15.5 million in under-expenditures, \$3.4 million is attributable to preservation projects to weatherize homes. These projects are supported primarily by federal dollars and private utility funds. Project schedules have been delayed because local contractors implementing this program have an abundance of work. Slower than anticipated spending has also occurred in Tenant Assistance grants, even though funds are committed. New programs providing federally supported Homeless Housing Assistance were slow to start up resulting in under-expenditures of about \$5.1 million. Housing Trust Fund resources totaling \$6.7 million are being expended slowly because of the slow start up of new approaches to distributing operation and maintenance resources and delays in information technology projects.

**State Building Code Council has an under-expenditure of 31.6 percent:** The Council, funded by a dedicated account, will likely remain under-spent for the rest of the biennium because a staff vacancy is no longer expected to be fully filled. After a revenue and workload review, the decision was made to keep current staffing level at 4.5 FTEs rather than at 5 FTEs. The total council budget is \$982,000 and 5 FTEs for the biennium.

**Energy Policy has an under-expenditure of nearly 46 percent:** The Energy Policy Division funds energy-related projects performed by Washington State University using Federal funding. Federal resources funded fewer projects than originally anticipated. The Division is managing within the federal revenue available.

**Energy Facilities Site Evaluation Council is under-spent by 20.6 percent:** Planned expenditures for an environmental mitigation project involving land purchases have been delayed. In addition, some siting activity has been delayed by the applicants. Other expenditures are aligned with original projections.

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**Economic Development is under-spent by 15.5 percent:** The Energy Freedom Program contracts (\$2 million) are expected to be signed this month and expenditures will begin in December. It is anticipated that the contracts will be fully disbursed by the end of February or early March 2007. The Washington Technology Center did not bill the agency until October for July, August, and September (\$610,000). The Tourism Ad production was slow to start, but will be catching up by the end of March 2007 (\$730,703). Several vacancies that were scheduled to be filled in July should be filled before the end of March 2007. Position descriptions are completed and recruitment is underway (\$108,017).

### **Agency Action Plan**

The agency, in partnership with OFM and the Department of Ecology, is pursuing an enterprise-wide contract, grant and loan management system. Information in this system will help make better cash disbursement projections and track contract and grant dollars as contracts are signed and funds obligated. In the short-term, the agency is implementing monthly financial management review (FMR) sessions to review variances and come up with solutions for reducing them. Agency budget and accounting staff along with division personnel participate in these FMR sessions.

## **State Board for Community and Technical Colleges**

### **Agency Request 2007 Supplemental Budget**

The agency has not requested a supplemental budget.

### **Expenditure Trends**

**Overall the agency is over-spent by .5 percent.** Allotments for the CTCs are developed at the system level, based on the historical expenditures. FY2006 and FY2007 allotments are patterned after FY2004, the most recent complete year available. As a result of this two year lag, the system's current expenditure pattern may not match the allotment scheme. Additionally, the CTCs have two primary funding sources: the state general fund and tuition from students. There is no requirement for the CTCs to spend proportionately from their funding sources; the only requirement is to not over-expend the "bottom line". The 34 colleges individually manage their budgets and typically charge to state funds initially, transferring expenditures to tuition accounts through journal vouchers by fiscal year end. Program totals at the system level may be over or under-expended when compared to allotments during the year, but the total of all programs will equal the total of all allotments at year end.

**Primary Support is over-spent by 35.5 percent:** Please see the overall comments above, which apply to all programs.

**Plant Operations and Maintenance is under-spent by more than 16 percent:** This program includes a large transfer (\$11.4 million per year) to a capital budget fund, required by the operating budget. Because the 34 colleges have different business practices, some colleges post the transfer at year end while others post it at the beginning and a few post either quarterly or monthly. At the end of the year, everything evens out.

**The State Board Office is under-spent by more than 54 percent:** The State Board Office is allotted in one program, but expenditures are charged to two programs (the State Board Office and Special Projects). Excluded in the 1<sup>st</sup> quarter FY07 expenditures but included in the allotments is a \$3 million transfer from the State General Fund (GFS) to the newly created Employment Training Finance Account. The transfer was made in October.

### **Agency Action Plan**

No action is needed at this time.